FEBRUARY 1990

A CAHNERS PUBLICATION

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SECURITY

THE MAGAZINE FOR SECURITY DECISION MAKERS

Complete Info on ISC West/ Los Angeles Inside!

Chuck Rangel

Security Goes Downtown

Managing Liability Without Hysteria

Equipment Focus: Using Barricades

SECURITY™

THE MAGAZINE FOR SECURITY DECISION MAKERS

A CAHNERS PUBLICATION/VOLUME 27, NUMBER 2/FEBRUARY 1990

DEPARTMENTS

9 Editorial/Masthead

10 Security Indicators
Computer use grows. Guards dominate workforce.

15 Idea Exchange
Innovative scheduling. Robot checks warehouse deliveries.

Technology offers ever-expanding benefits. (p. 18)

21 Issues
Dinosaurs and security, room for comparison.

44 Product Update

63 Suppliers Index

64 Classifieds

66 Endpieces

67 Reader Service Cards

FEATURES

26 Cover Story
CREATING A SECURE DOWNTOWN OASIS
Security assists everyone from visitors to transients with intelligent blend of service and technology.

Service first approach to security proves successful at a city's top tourist attraction. (p. 26)

30 WHEN SORRY ISN'T ENOUGH
Liability encourages quality within security, yet it also creates finger-pointing and blame. Check out the dilemma plus strategies to adopt.

35 COLOR CCTV ADDS DETAIL TO ID
No longer plagued by past hurdles, color is emerging as a more universally-usable CCTV option.

On the Cover
Chuck Rangel is director of security at San Diego's Horton Plaza shopping center. He shows how effective security assists visitors attracted to special events and 150 stores. (p. 26)

SERVICES

37 Changing Times for Contract Officer Pay
SECURITY's exclusive look at top issues facing contract officers: How minimum wage changes impact security and what contract officers earn.

EQUIPMENT FOCUS

40 Barricades Provide the Strength to Deter or Delay Intruders, Terrorists
From high tech to low ticket, there are barricades for every security need. Find out what's available and use the handy, objective comparison chart.

Barricades are security's business. (p.42).

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SECURITY INDICATORS

Trends and forecasts for determining loss prevention needs.

SECURITY EMPLOYMENT

Revenues Soar With Contract Growth

Security officers account for an increasing percentage of the work force as crime prevention concerns mount, according to Department of Labor statistics. Security officers now account for at least 1.6 percent of all working Americans, twice the percentage officers represented in 1970.

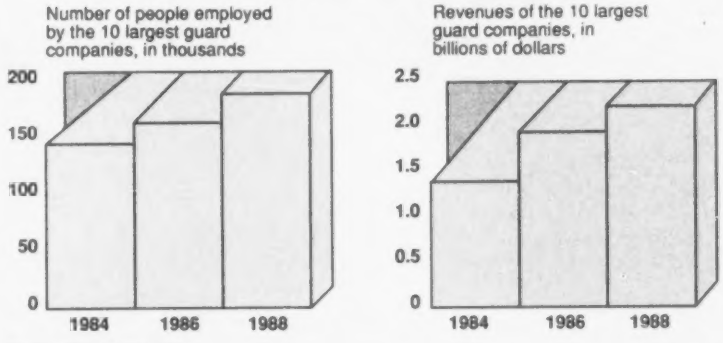
Officer employment is up 35 percent since 1984, according to *Security Letter*. About 140,000 officers were employed by the 10 largest guard companies in 1984; close to 200,000 were employed by these companies in 1988. *Security Letter* publisher Robert McCrie says the impressive growth in the 1980s pales in comparison with the industry's dramatic growth in the 1970s. He speculates continued steady, yet modest, growth for the 1990s.

The increasing number of officers has had a positive effect on the nation's unemployment rate; economists say it might be a quarter of a percent higher if the officers were not employed. In contrast, state and local police forces grew only slightly in the 1980s.

The growing officer population also positively affects profits for the 10 guard companies with the highest total revenues. Revenues rose 62 percent between 1984 and 1988, jumping from $1.5 billion to almost $2.5 billion.

Minimum wage increases will also affect guard company revenues, McCrie says. "The higher minimum wage is good news because inflationary factors will increase all officer wages. Guard companies will respond by raising client rates," he says.

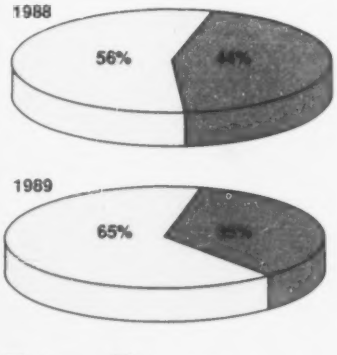
REVENUES RISE AS OFFICER EMPLOYMENT SOARS



Source: *Security Letter*

The number of people employed by the 10 largest guard companies grew 35 percent between 1984 and 1988; company revenues grew 62 percent during that same period.

SECURITY'S COMPUTER USE GROWS



Source: SECURITY

Security's use of computers grew 9 percent between 1988 and 1989; electronic mail use played a part.

COMPUTERS

Security's Computer Use, Applications Grow

Security is buying and using computers at an accelerated rate, according to SECURITY Magazine's 1990 Forecast Study.

Of respondents, 65 percent use computers to help with operations, recordkeeping and decision making. For the 1989 Forecast Study, that figure was 56 percent.

Security budget and an organization's total number of employees determine who can afford computers. Of respondents with security budgets between $250,001 and $750,000, 90 percent use computers; 51 percent of respondents with budgets between $25,001 and $100,000 use computers.

When it comes to personnel, the higher the number of total employees, the greater the chance security is using computers. Among respondents who work for companies that employ at least 1,000 people, 79 percent use computers while providing security. Of organizations that employ between 50 and 249 people, 41 percent use computers for the security department.

Service industries most likely provide computers for security, the study says.

Recordkeeping is the most common task among 85 percent of computer users. An additional 60 percent use computers for correspondence, 49 percent monitor or control security systems, 40 percent use electronic mail or fax capabilities, 21 percent maintain external databases and 20 percent use computers to help with security decision making.

Slightly more than one in four respondents plan to add computers in the next year. That's an increase from 1989 when just 18 percent planned a computer purchase.

INTERNAL THEFT

Time Theft: The Most Common Employee Crime

Employees steal time more than they steal office equipment or supplies, says a study of 942 human resource professionals conducted by Adia Personnel Services, Menlo Park, Calif.

Two thirds of respondents say time theft — long lunch breaks, leaving work early and excessive socializing — is the most serious employee dishonesty issue. The problem is most serious in the banking, insurance, real estate and transportation industries, where 72 percent of respondents report time theft. About 4 percent of banking and insurance respondents say employee theft by electronic funds transfer has also been a major problem in the last year.

Unauthorized long distance telephone calls present the second most serious employee dishonesty issue for 32 percent of respondents. Phone abuse is highest in medical and professional service industries, where 42 percent say it's a problem.

Theft of work supplies and equipment was a problem — although not as notable as time theft — for 30 percent of respondents. Missing inventory concerns 15 percent. Inventory theft is more serious in retailing, however, where one in four companies says missing inventory is a serious concern.

Employee dishonesty costs 37 percent of respondents at least $10,000 per year. Computer and electronics firms are the most affected; 12 percent say that they lost more than $100,000 to employee dishonesty in the last year.

Employee dishonesty means more than stolen office equipment and inventory. Time theft — lengthly lunch breaks and socializing — is one of the most serious concerns.

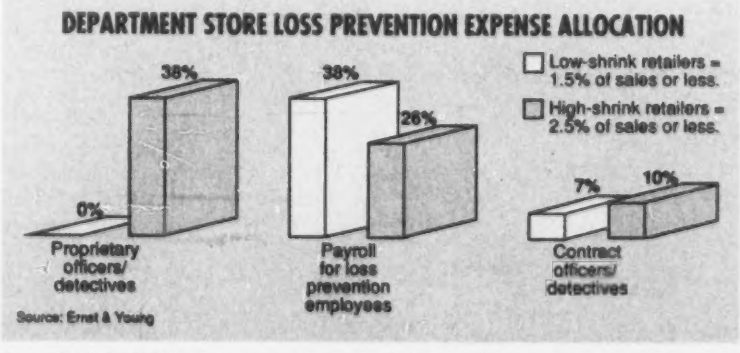
LOSS PREVENTION

High-Shrink Retailers Spend Big on Guards, Detectives

Retailers with shrinkage figures approaching 2.5 percent of sales spend 74 percent of loss prevention budgets on proprietary and contracted guards and loss prevention employees, says a recent Ernst & Young survey.

The Eleventh Annual Survey of Security and Loss Prevention in the Retail Industry profiles low-shrink retailers whose shrinkage totals 1.5 percent of sales or less and high-shrink retailers with shrinkage at 2.5 percent of sales or less. In general, low-shrink stores report lower sales volume than high-shrink companies. The findings reveal low-shrink establishments spending more money on electronic article surveillance and high-shrink retailers spending more on personnel.

Low-shrink department store retailers allocated 44 percent of funds to EAS equipment, compared to only 5 percent for the high-shrink companies. And while high-shrink retailers spent 38 percent of budgets on proprietary guards and detectives, low-shrinkage counterparts did not invest in them. Low-shrink retailers do spend more for loss prevention employees, however: 38 percent vs. 26 percent.



Overall, high-shrink stores spend more on officers and loss prevention employees.

NEWS

Security Wrap-Up: Forgery, Employment, Screening

▶ The black market for alien certification is forcing the Immigration and Naturalization Service to change its so-called green card — which hasn't been green for years — to an off-pink card printed in a special ink to help combat **forgeries.** The going rate for a forged card is $5,000 to $10,000, with some aliens paying as much as $20,000.

▶ **Computer security** opportunities are growing rapidly. The field did not exist 15 years ago because there wasn't a demand to safeguard computer systems. Today, there are about 10,000 computer security experts, and the number grows by about 25 percent each year.

▶ **Computerized pre-employment interviews,** used with face-to-face interviews, may give a more complete and honest profile of job candidates. Developed by Richard Phannenstill, a veteran polygraphist, a new screening tool is designed to make evasion of answers more difficult. People tend to be more honest when interacting with a computer than with people, he says. The program asks questions about job and driving records, theft and other crimes and drug and alcohol use.

SERVICES

A guide to selecting and staying informed on security services.

Changing Times for Contract Officer Pay

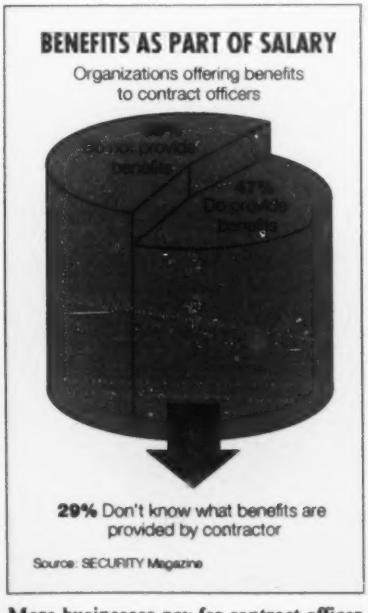
By Rebecca D. Russell
Senior Editor

As America begins the first of two minimum wage increases in April, some security decision makers may re-evaluate contract officer pay.

A recent SECURITY DATA BANK survey shows that overall pay for contract officers is above minimum wage. Yet with so visible a pay raise, there's pressure for copycat raises.

Minimum wage increases from $3.35 an hour to $3.80 in April, then to $4.25 in April 1991. Executives at three leading contract officer organizations anticipate little impact.

Alan Bernstein, Wackenhut senior vice president of domestic operations, anticipates, instead, that more people will earn closer to minimum wage.


BENEFITS AS PART OF SALARY
Organizations offering benefits to contract officers
29% Don't know what benefits are provided by contractor
Source: SECURITY Magazine

More businesses pay for contract officer benefits, yet nearly one-third don't know what they are paying for.

Vince Papi, vice president of marketing, Allied Security Inc., says across-the-board increases will depend on user budgets and flexibility.

And CPP Pinkerton's Kevin O'Connor, vice president of national accounts, says changes will have the greatest affect regionally, but clients will have difficulty maintaining the spread of difference, thanks to competition.

That "spread" is evident in SECURITY's telephone survey.

- Among **industrial** organizations, average salary is $7.39 per hour. Most security decision makers in this sector pay between $6 and $6.99 per hour.

While overall contract officer pay is above miminum wage, mandatory increases will cut into the salary spread.

- For **financial** organizations, most report wages between $7 and $7.99 per hour. Average here is $8.37 per hour.
- **Retail** pay is spread evenly among $8, $9 and $11 an hour; average is $8.91.
- In the **institutional** sector, most report wages between $9 and $10.99 per hour, for an average $9.21 per hour.
- The **government** sector pays highest, as most report wages more than $11. The average salary is $15.10.

Compensation Dilemma

Salary varies by industry and geographic region.

Determining salary requires a look at several factors. It's wise to first outline security officer responsibilities. A night officer watching an empty warehouse may receive different pay than an officer in the main reception area. Also look at pay for comparable work among people within your organization and the surrounding community. And be sure to compare vendors. What your organization pays officers will affect the service you get.

Beyond Wages

In addition to salary, there are also benefits — who pays what. Of DATA BANK respondents, 47 percent offer benefits through the contractor and 53 percent do not. These benefits range from uniforms and laundry service to medical, dental, life insurance, retirement plan, paid vacations, holidays and sick days. Yet nearly one-third of security decision makers do not know what benefits the contractor offers.

WHAT SECURITY PAYS ITS CONTRACT OFFICERS
Average hourly pay by type of business
DATA SECURITY BANK
$8.95 Average pay for all officers
$7.39 $8.91 $8.37 $15.10 $9.21
Source: SECURITY Magazine

Government sector officers earn well above minimum wage, boosting the overall average pay for contract officers.

Vendors concur that more organizations include benefits in pay.

"You have to attract the labor," says O'Connor. He says officers look harder for organizations that offer benefits, particularly health care.

Bernstein says by offering benefits an organization presents a better image. "By providing benefits, it takes officers out of the realm of minimum wage workers."

Papi says benefits reflect a company's attitude about quality. "It's the only way the end-user has of telling us they want quality," he says.

With the increase in minimum wage, the price to get more than a body in a contract officer uniform will most likely be going up, one way or another.